
By: **Senators Stone, Della, Grosfeld, Hughes, and Jacobs**
Introduced and read first time: February 6, 2004
Assigned to: Finance

Committee Report: Favorable with amendments
Senate action: Adopted
Read second time: April 9, 2004

CHAPTER _____

1 AN ACT concerning

2 **Homeowner's Insurance ~~Policyholder Bill of Rights~~ - Notice Concerning**
3 **Flood Insurance**

4 FOR the purpose of requiring certain insurers to provide certain ~~policyholders with~~
5 ~~certain written statements that summarize certain coverages and exclusions;~~
6 ~~requiring the statement to be sufficiently clear so that an individual of average~~
7 ~~intelligence can identify the coverages and exclusions without further inquiry;~~
8 ~~describing the information that must be included in the statement; requiring~~
9 ~~certain insurers to promptly notify certain claimants of certain information;~~
10 ~~prohibiting an insurer from requiring that certain claimants be present for more~~
11 ~~than a certain number of visits from certain adjusters or claims representatives;~~
12 ~~requiring that certain offers be in writing; requiring the Insurance~~
13 ~~Commissioner to adopt certain regulations; providing that the regulations~~
14 ~~include certain information and procedures; providing for the application of this~~
15 ~~Act; defining a certain term; and generally relating to the Homeowner's~~
16 ~~Insurance Policyholder Bill of Rights applicants with a certain written notice;~~
17 ~~specifying the contents of the notice; requiring certain insurers, at the time of a~~
18 ~~certain renewal, to provide certain policyholders with a certain notice; providing~~
19 ~~that nothing in this Act may be construed to impair or effect the obligation of~~
20 ~~any insurance contract; and generally relating to a notice concerning flood~~
21 ~~insurance by homeowner's insurers.~~

22 BY adding to
23 Article - Insurance
24 Section 19-204
25 Annotated Code of Maryland
26 (2002 Replacement Volume and 2003 Supplement)

1 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
2 MARYLAND, That the Laws of Maryland read as follows:

3 **Article - Insurance**

4 19-204.

5 (A) AN INSURER THAT ISSUES OR DELIVERS A HOMEOWNER'S INSURANCE
6 POLICY IN THE STATE SHALL PROVIDE AN APPLICANT, AT THE TIME A POLICY IS
7 INITIALLY PURCHASED, WITH A WRITTEN NOTICE THAT STATES THAT A STANDARD
8 HOMEOWNER'S INSURANCE POLICY DOES NOT COVER LOSSES FROM FLOOD.

9 (B) THE NOTICE SHALL ALSO CLEARLY AND CONCISELY STATE IN 10 POINT
10 BOLDFACE TYPE:

11 (1) THAT THE COST OF FLOOD INSURANCE IS NOT PART OF THE
12 PREMIUM FOR THE STANDARD HOMEOWNER'S INSURANCE POLICY;

13 (2) THAT FLOOD INSURANCE IS AVAILABLE THROUGH THE NATIONAL
14 FLOOD INSURANCE PROGRAM;

15 (3) THE APPROPRIATE CONTACT INFORMATION FOR THE NATIONAL
16 FLOOD INSURANCE PROGRAM; AND

17 (4) IF THE INSURER SELLS FLOOD INSURANCE:

18 (I) THAT THE APPLICANT MAY PURCHASE FLOOD INSURANCE
19 FROM THE INSURER; AND

20 (II) THE TYPE AND COST OF FLOOD INSURANCE COVERAGE THAT
21 MAY BE PURCHASED, INCLUDING:

22 1. COVERAGE FOR STRUCTURE; AND

23 2. COVERAGE FOR CONTENTS.

24 ~~(A) IN THIS SECTION, "INSURER" MEANS AN INSURER THAT ISSUES OR~~
25 ~~DELIVERS A POLICY OF HOMEOWNER'S INSURANCE IN THE STATE.~~

26 ~~(B) (1) AN INSURER SHALL PROVIDE A POLICYHOLDER WITH A STATEMENT~~
27 ~~THAT SUMMARIZES THE COVERAGES AND EXCLUSIONS UNDER THE POLICY.~~

28 ~~(2) THE INSURER'S STATEMENT MUST BE SUFFICIENTLY CLEAR SO~~
29 ~~THAT AN INDIVIDUAL OF AVERAGE INTELLIGENCE CAN IDENTIFY THE COVERAGES~~
30 ~~AND EXCLUSIONS UNDER THE POLICY WITHOUT MAKING FURTHER INQUIRY.~~

31 ~~(3) THE INSURER'S STATEMENT SHALL STATE WHETHER THE~~
32 ~~COVERAGES UNDER THE POLICY PROVIDE FOR REPLACEMENT VALUE OR ACTUAL~~
33 ~~CASH VALUE.~~

34 ~~(4) THE INSURER'S STATEMENT SHALL BE PART OF THE POLICY.~~

1 ~~(C) AN INSURER SHALL PROMPTLY NOTIFY THE POLICYHOLDER IN WRITING~~
2 ~~OF THE NAME AND CONTACT INFORMATION OF THE ADJUSTER ASSIGNED TO ASSESS~~
3 ~~DAMAGES FOR A LOSS CLAIMED UNDER A POLICY OF HOMEOWNER'S INSURANCE.~~

4 ~~(D) AN INSURER MAY NOT REQUIRE A POLICYHOLDER TO BE PRESENT FOR~~
5 ~~MORE THAN TWO VISITS BY AN ADJUSTER OR OTHER CLAIMS REPRESENTATIVE TO~~
6 ~~ASSESS DAMAGE FOR A LOSS CLAIMED UNDER A POLICY OF HOMEOWNER'S~~
7 ~~INSURANCE.~~

8 ~~(E) AN OFFER TO SETTLE A CLAIM UNDER A POLICY OF HOMEOWNER'S~~
9 ~~INSURANCE SHALL BE IN WRITING.~~

10 ~~(F) (1) THE COMMISSIONER SHALL ADOPT REGULATIONS THAT PROVIDE~~
11 ~~FOR HOMEOWNER'S INSURANCE POLICY CLAIMS ESTIMATING PROCEDURES.~~

12 ~~(2) THE REGULATIONS SHALL:~~

13 ~~(I) PRESCRIBE THE QUALIFICATIONS OF AN INDIVIDUAL~~
14 ~~AUTHORIZED TO PREPARE A DAMAGE ESTIMATE;~~

15 ~~(II) PRESCRIBE THE AMOUNT OF DETAIL THAT MUST BE INCLUDED~~
16 ~~IN A DAMAGE ESTIMATE;~~

17 ~~(III) ESTABLISH PROCEDURES FOR THE PROMPT RESOLUTION OF~~
18 ~~DISCREPANCIES BETWEEN DAMAGE ESTIMATES;~~

19 ~~(IV) INCLUDE PROCEDURES THAT ALLOW FOR THE ESCALATION OF~~
20 ~~DAMAGE ESTIMATES IN COMMUNITIES WHERE THERE IS WIDESPREAD DAMAGE;~~

21 ~~(V) PRESCRIBE ALLOWABLE MITIGATION MEASURES; AND~~

22 ~~(VI) INCLUDE ANY OTHER PROVISION THAT THE COMMISSIONER~~
23 ~~DETERMINES TO BE NECESSARY TO ENSURE THE PROMPT AND FAIR RESOLUTION OF~~
24 ~~A CLAIM UNDER A POLICY OF HOMEOWNER'S INSURANCE.~~

25 ~~SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall apply to all~~
26 ~~personal lines property and casualty insurance policies and contracts issued,~~
27 ~~delivered, or renewed on or after October 1, 2004.~~

28 ~~SECTION 2. AND BE IT FURTHER ENACTED, That an insurer that issues or~~
29 ~~delivers a homeowner's insurance policy in the State shall, at the time of renewal for~~
30 ~~each of its policyholders immediately following the effective date of this Act, provide~~
31 ~~its policyholders who have not purchased flood insurance from the insurer with the~~
32 ~~notice described in Section 1 of this Act.~~

33 ~~SECTION 3. AND BE IT FURTHER ENACTED, That nothing in this Act may~~
34 ~~be construed to impair or effect the obligation of any insurance contract.~~

35 ~~SECTION 3. 4. AND BE IT FURTHER ENACTED, That this Act shall take~~
36 ~~effect October 1, 2004.~~

